

**AMENDMENTS TO THE CLAIMS:**

This listing of claims will replace all prior versions and listings of claims in this application.

**Listing of claims:**

1. **(Currently Amended)** A computer-implemented method ~~by which an entity manages an~~ for managing a first entity's exposure to an economic risk associated with a commodity, comprising the steps of:

~~forming, by at least one programmable processor, a model portfolio of said exposure, said model representing portfolio generating cash flows~~ flow data;

~~forming, by said at least one programmable processor, a hedging portfolio for said exposure, said hedging portfolio representing generating cash flows~~ flow data;

~~receiving, by said at least one programmable processor, benchmark cash flow data agreed to by said first entity and a second entity;~~

~~periodically combining, by said at least one programmable processor, said cash flows~~ flow data of said model portfolio and said hedging portfolio; and

~~providing a~~ calculating, by said at least one programmable processor, payout data based on a difference between said combined cash flows; flow data and said benchmark cash flow data; and

~~wherein at least one of the steps is implemented with a computer~~ outputting, by said at least one programmable processor, the payout data representing payments to be made between the first entity and the second entity.

2. **(Cancelled).**

3. **(Cancelled).**

4. (Cancelled).

5. (Currently Amended) The method of claim 1, wherein the step of forming a hedging portfolio ~~includes the steps of: further comprises~~

receiving modeling at least one hedging transaction executed by said entity;

~~modeling said at least one hedging transaction.~~

6. (Cancelled).

7. (Cancelled).

8. (Cancelled).

9. (Cancelled).

10. (Cancelled).

11. (Cancelled).

12. (Cancelled).

13. (Cancelled).

14. (Cancelled).

15. (Currently Amended) The method of claim 14 1, wherein said step of ~~providing a~~ calculating payout data based on a difference between said combined cash ~~flows~~ flow data and said benchmark cash ~~flows~~ flow data includes the steps of:

~~providing~~ calculating a payment to ~~be provided to~~ said first entity if said combined cash ~~flows~~ flow data is less than said benchmark cash ~~flows~~ flow data; and

~~receiving~~ calculating a payment ~~to be received~~ from said entity if said combined cash ~~flows~~ flow data is greater than said benchmark cash ~~flows~~ flow data.

16. **(Currently Amended)** The method of claim 15, wherein further comprising calculating said payment is as a percentage of said difference between said combined cash flows flow data and said benchmark cash flows flow data.

17. **(Currently Amended)** The method of claim 15, wherein ~~said payment is provided~~ further comprising determining if said difference between said combined cash flows flow data and said benchmark cash flows flow data is within or outside a band and said payment is calculated based on whether said difference is within or outside the band.

18. **(Currently Amended)** The method of claim 15, wherein ~~said payment is provided~~ further comprising determining if said difference between said combined cash flows flow data and said benchmark cash flows flow data is outside a band greater than a defined level and said payment is calculated if said difference is greater than said defined level.

19. **(Currently Amended)** The method of claim 1, wherein ~~further comprising periodically updating said model portfolio is periodically updated.~~

20. **(Currently Amended)** The method of claim 1, wherein ~~further comprising periodically updating said hedge is periodically updated~~ hedging portfolio.

21. **(Currently Amended)** The method of claim 1, wherein ~~further comprising combining on a daily basis said cash flows of said model portfolio and said hedging portfolio are combined daily.~~

22. **(Original)** The method of claim 1, wherein said commodity is electricity.

23. **(Original)** The method of claim 1, wherein said commodity is selected from the group including natural gas, copper, zinc, interest rates, oil products, bandwidth and foreign exchange.

24. **(Currently Amended)** A computer system by ~~which an entity manages a portfolio of~~ for managing a first entity's exposures to an economic risk associated with a commodity, said system comprising:

at least one programmable processor configured to:

~~receive said portfolio of exposures from said entity and form a model portfolio representing cash flows through of said first entity's exposures~~ by a portfolio modeling engine, wherein said model portfolio generates cash flow data;

~~receive at least one hedging transaction, and form a hedging portfolio representing cash flows based on said at least one hedging transaction~~ of said first entity and said model portfolio ~~through~~ by a hedging modeling engine, wherein said hedging portfolio generates cash flow data;

receive benchmark cash flow data agreed to by said first entity and a second entity;

receive said model portfolio and said hedging portfolio and combine said cash flows flow data of said model portfolio and said hedging portfolio ~~through~~ by a tracking portfolio generator, wherein said tracking portfolio generator generates combined cash flow data;  
and

~~provide a~~ calculate payout data based on a difference between said combined cash flows flow data and said benchmark cash flow data by ~~through~~ a payout manager, wherein the payout data represents payments to be made between the first entity and the second entity;

at least an input device; and

at least an output device.

25. **(Cancelled).**

26. **(Cancelled).**

27. **(Cancelled).**

28. **(Cancelled).**

29. **(Cancelled).**

30. **(Currently Amended)** The system of claim 29 24, wherein said calculated payout data represents is a payment to be provided to said first entity if said combined cash flows flow data is less than said benchmark cash flows flow data and said payout data represents is a payment to be received from said first entity if said combined cash flows flow data is greater than said benchmark cash flows flow data.

31. **(Currently Amended)** The system of claim 30, wherein said payment is calculated as a percentage of said difference between said combined cash flows flow data and said benchmark cash flows flow data.

32. **(Currently Amended)** The system of claim 30, wherein said ~~payment is~~ provided system determines if said difference between said combined cash flows flow data and

said benchmark cash ~~flows~~ flow data is within or outside a band and said payment is calculated based on whether said difference is within or outside the band.

33. **(Currently Amended)** The system of claim 30, wherein said payment is provided if said difference between said combined cash ~~flows~~ flow data and said benchmark cash ~~flows~~ flow data is ~~outside a band~~ greater than a defined level and said payment is calculated if said difference is greater than said defined level.

34. **(Original)** The system of claim 24, wherein said model portfolio is periodically updated.

35. **(Original)** The system of claim 24, wherein said hedging portfolio is periodically updated.

36. **(Currently Amended)** The system of claim 24, wherein said cash ~~flows~~ flow data of said model portfolio and said ~~hedge~~ hedging portfolio are combined daily.

37. **(Original)** The system of claim 24, wherein said commodity is electricity.

38. **(Original)** The system of claim 24, wherein said commodity is selected from the group including natural gas, copper, zinc, interest rates, oil products, bandwidth and foreign exchange.

39. **(Currently Amended)** A computer-implemented system by which ~~an~~ a first entity manages a portfolio of exposures to an economic risk associated with a commodity, comprising:

at least one programmable processor configured to:

execute at least one transaction between ~~an institution~~ a second entity and said first entity, said at least one transaction forming a model portfolio representing generating cash flows flow data through a transaction manager;

execute at least one hedging transaction, said at least one hedging transaction forming a hedging portfolio representing generating cash flows flow data through a hedging module;

receive benchmark cash flow data agreed to by said first entity and said second entity;

~~receive said model portfolio and said hedging portfolio~~ and combine said cash flows flow data of said model portfolio and said hedging portfolio through a tracking portfolio generator; and

~~provide a calculate~~ payout data based on a difference between said combined cash flows flow data and said benchmark cash flow data through a payout manager, wherein the payout data represents payments to be made between the first entity and the second entity;

at least an input device; and

at least an output device.

40. **(Original)** The system of claim 39, wherein said at least one transaction is an actual transaction.

41. **(Original)** The system of claim 39, wherein said at least one transaction is a proxy transaction

42. **(Cancelled).**

43. **(Currently Amended)** The system of claim 42 39, wherein said calculated payout data represents is a payment to be made to said first entity if said combined cash flows flow data is less than said benchmark cash flows flow data and said payout data represents is a payment to be received from said first entity if said combined cash flows flow data is greater than said benchmark cash flows flow data.

44. **(Currently Amended)** The system of claim 43, wherein said payment is calculated as a percentage of said difference between said combined cash flows flow data and said benchmark cash flows flow data.

45. **(Currently Amended)** The system of claim 43, wherein said system determines payment is provided if said difference between said combined cash flows flow data and said benchmark cash flows flow data is within or outside a band and said payment is calculated based on whether said difference is within or outside the band.

46. **(Currently Amended)** The system of claim 43, wherein said payment is provided if said difference between said combined cash flows flow data and said benchmark cash flows flow data is outside a band greater than a defined level and said payment is calculated if said difference is greater than said defined level.

47. **(Original)** The system of claim 39, wherein said model portfolio is periodically updated.

48. **(Original)** The system of claim 39, wherein said hedging portfolio is periodically updated.



49. **(Currently Amended)** The system of claim 24, wherein said cash flows flow data of said model portfolio and said hedge hedging portfolio are combined daily.

50. **(Currently Amended)** The system of claim 39, wherein said at least one programmable processor is further configured to exchange said combined determine, through a cash flow manager, cash flows to be exchanged between said first entity and said institution through a cash flow manager second entity based on said combined cash flow data, whereby the second entity is able to record on its books the first entity's portfolio of exposures, while remaining substantially risk neutral with respect to the first entity's exposures.

51. **(Currently Amended)** The system of claim 50, wherein said positive cash flow manager determines that when said combined cash flows flow data is positive, then payment of such excess cash flow is to be paid by said second entity to said first entity, and when said negative combined cash flows flow data is negative, then payment of such shortfall is to be received by said second entity from said first entity.

52. **(Currently Amended)** The system of claim 50, wherein said cash flow manager considers that said second entity institution retains any loss of cash flows resulting from a default.

53. **(Currently Amended)** The system of claim 50, wherein said cash flow manager considers that said second entity institution retains at least a portion of any pooling profits.

54. **(Original)** The method of claim 39, wherein said commodity is electricity.

55.     **(Original)**     The method of claim 39, wherein said commodity is selected from the group including natural gas, copper, zinc, interest rates, oil products, bandwidth and foreign exchange.